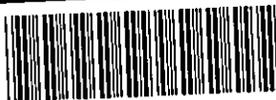


SEC



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ANNUAL AUDITED REPORT

2007 AUG 22 AM 9:41

FORM X-17A-5 PART III

SEC / MR

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 7/1/06 AND ENDING 6/30/07  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: NEWPORT X.COM

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

18004 SKY PARK CIRCLE SOUTH, SUITE 140

(No. and Street)

IRVINE

(City)

CA

(State)

92614

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

EYAL SHACHAR

(949) 475-5652

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

LENNING & CO. INC.

(Name - if individual, state last, first, middle name)

18377 BEACH BLVD. #211

(Address)

HUNTINGTON BEACH

(City)

CA

(State)

92648

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

NOV 13 2007

THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Handwritten signature/initials

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, EVAL SHACHAR, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NEWPORTX.COM, as of JUNE 30, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



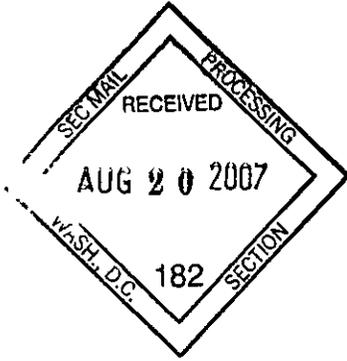
[Signature]  
Signature  
president  
Title

Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**NEWPORTX.COM**

FINANCIAL STATEMENTS

\* \* \*

JUNE 30, 2007

**LENNING & CO., INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

**LENNING & CO., INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

18377 Beach Blvd., Ste. 211  
Huntington Beach, CA 92648  
(714) 893-0646  
Fax (714) 596-7152



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
NewportX.com

We have audited the accompanying balance sheet of NewportX.com as of June 30, 2007, and the related statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NewportX.com as of June 30, 2007 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

August 17, 2007

*Lenning & Co. Inc.*

NEWPORTX.COM  
BALANCE SHEET  
JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash

\$ 14,647

\$ 14,647

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Due to parent company

\$ 2,220

State income tax payable

800

Total current liabilities

3,020

STOCKHOLDER'S EQUITY

Common stock, no par value

Authorized - 100,000,000 shares

Issued and outstanding - 6,000 shares

\$ 6,000

Additional paid-in-capital

15,000

Accumulated deficit

(9,373)

11,627

\$ 14,647

See accompanying notes to the financial statements.

NEWPORTX.COM  
STATEMENT OF INCOME  
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES		
Commissions		\$ 371,000
EXPENSES		
Insurance	\$ 150	
Licenses and registration fees	231	
Management fees	<u>394,000</u>	
		<u>394,381</u>
LOSS BEFORE INCOME TAX EXPENSE		(23,381)
INCOME TAX EXPENSE		<u>(800)</u>
NET LOSS		<u>\$ (24,181)</u>

See accompanying notes to the financial statements.

NEWPORTX.COM  
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings/ (Accumulated Deficit)</u>	<u>Total Stockholder's Equity</u>
Balances at June 30, 2006	\$ 6,000	\$ 15,000	\$ 14,808	\$ 35,808
Net loss	-	-	(24,181)	(24,181)
Balances at June 30, 2007	<u>\$ 6,000</u>	<u>\$ 15,000</u>	<u>\$ (9,373)</u>	<u>\$ 11,627</u>

See accompanying notes to the financial statements.

NEWPORTX.COM  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (24,181)
Adjustments to reconcile net loss to net cash used by operating activities:	
Decrease in receivables	14,000
Increase in due to parent company	<u>800</u>
Net cash used by operating activities	<u>(9,381)</u>
NET DECREASE IN CASH	(9,381)
CASH, beginning of year	<u>24,028</u>
CASH, end of year	<u>\$ 14,647</u>

See accompanying notes to the financial statements.

NEWPORTX.COM  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of NewportX.com is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Nature of operations – The Company was incorporated in California on November 17, 1999 and it is a wholly-owned subsidiary of Newport Exchange Holdings, Inc.

On September 5, 2000, the Company was accepted for membership in the National Association of Security Dealers, Inc. (NASD) as a broker-dealer. The Company is authorized to retail corporate equity securities, listed and unlisted, and to operate as a put and call broker-dealer.

Commissions received – Revenues are commissions received from another broker-dealer for referrals made to it. The Company has not commenced its broker-dealer retail operations to the general public as of June 30, 2007.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of credit risks – The Company maintains its cash deposits with one financial institution. Cash deposits in the financial institution are insured by the FDIC for up to \$100,000. At June 30, 2007, the cash balance did not exceed the FDIC limit.

**NOTE 2 – INCOME TAXES**

Income tax expense consists of the current year minimum California Franchise tax \$800.

**NOTE 3 – COMPUTATION OF NET CAPITAL**

Total stockholder's equity	\$ 11,627
Deduct stockholder's equity not allowable for net capital	_____
Net capital	<u>\$ 11,627</u>

**NOTE 4 – RELATED PARTY TRANSACTIONS**

The Company enters into certain transactions involving revenues from a related party. For the year ended June 30, 2007, revenues from the related party were \$371,000 or 100% of total revenues. The Company also enters into certain transactions involving the payment of management fees to another related party. For the year ended June 30, 2007, management fees incurred to the related party were \$394,000.

NEWPORTX.COM  
COMPUTATION OF NET CAPITAL  
UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
JUNE 30, 2007

NET CAPITAL

Total stockholder's equity	\$ 11,627
Deduct stockholder's equity not allowable for net capital	<u>          -</u>
Net capital	<u>\$ 11,627</u>

COMPUTATION OF NET CAPITAL REQUIREMENT

Minimum net capital required	\$ 5,000
Net capital per above	<u>11,627</u>
Excess net capital	<u>\$ 6,627</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

Net capital as reported in Company's Focus report	\$ 11,627
Audit adjustments-	<u>          -</u>
Net capital per above	<u>\$ 11,627</u>

Schedule I

NEWPORTX.COM  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
PURSUANT TO RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
JUNE 30, 2007

**Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3:**

A computation of the reserve requirement is not applicable to NewportX.com as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii).

NEWPORTX.COM  
INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
JUNE 30, 2007

**Information Relating to Possession or Control Requirements Under Rule 15c3-3:**

Information relating to possession or control requirements is not applicable to NewportX.com as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii).

**LENNING & CO., INC.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**18377 Beach Blvd., Ste. 211**  
**Huntington Beach, CA 92648**  
(714) 893-0646  
Fax (714) 596-7152

August 17, 2007

To the Board of Directors of  
NewportX.com

In planning and performing our audit of the financial statements of NewportX.com for the year ended June 30, 2007, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debts) and net capital under rule 17a-3(a)(11), and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of the Federal Reserve Regulation T of the Board of Governors of the Federal System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal controls or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. This report recognizes that it is often not practicable in a smaller organization to achieve all the divisions of

duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level of risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purpose in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at June 30, 2007 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies that rely on rule 17-a5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Lensing & Co. Inc.*

*END*